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03/22/18

Good morning,

Hospital giant HCA is buying Mission Health, the biggest economic force in western North Carolina. It is huge news for the region because of Mission's size and scope, and much less so for HCA, which already operates hundreds of hospitals and surgery centers nationally.

At press time, Mission hasn't disclosed the price tag or if it entertained offers from other groups, including North Carolina-based institutions, before signing the letter of intent with HCA.

It's going to be a huge, Carolina Panthers-sale-scale number. (See below.) Mission is essentially a monopoly in western N.C., where growth will accelerate as more wealthy Baby Boomers move into the mountains. Its dominance of health care since the 1998

that is no longer in force, making Mission more attractive for HCA.

Nashville father-son doctors Thomas Frist Sr. and Thomas Frist Jr., and investor Jack Massey led HCA's founding in 1968. **It has been** a major force in hospitals ever since, and a huge benefactor of private equity investors, Bank of America and other investment banks given its spins between public and private ownership. It went public again in 2011. The multi-billionaire Frist family still owns about 20% of the stock, while former BofA Chairman Chad Holliday is the independent presiding director.

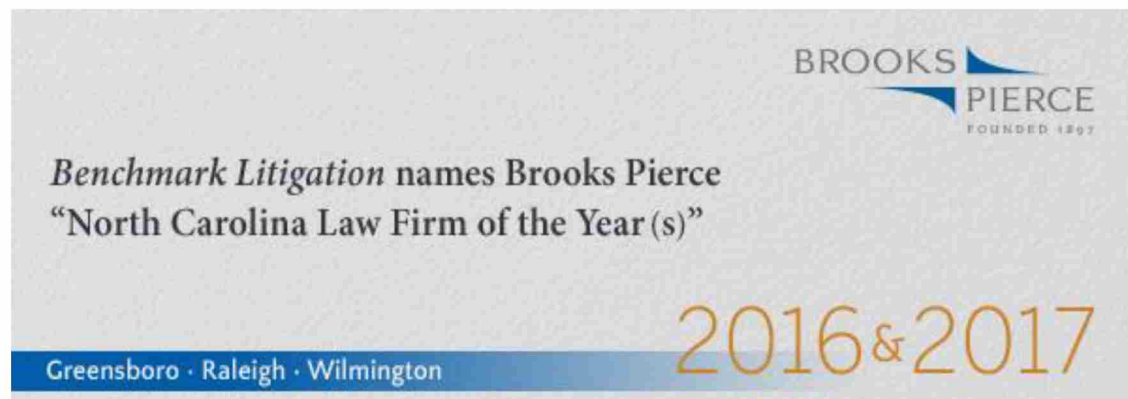
As **the cover story this month** in *Business North Carolina* notes, Mission CEO Ron Paulus has led improvements that make it one of the nation's most respected and financially strong systems. It has regularly topped BNC's annual rankings of N.C. hospitals, reflecting patient outcomes and many other measures.

Paulus was cagey when we asked him if Mission, with annual revenues of \$1.7 billion, was **big enough** to compete. In comparison, Charlotte-based Atrium Health turns over \$9 billion annually.

Now we know his answer.

Dave Mildenberg

[dailydigest@businessnc.com](mailto:dailydigest@businessnc.com)



## Charlotte business chiefs choose sides

U.S. Rep. Robert Pittenger of Charlotte made his fortune by selling interests in real estate partnerships. Dan McCready of Charlotte made his money by selling interests in solar-energy projects. Both are now back in the fundraising business as they compete for the congressional seat that Pittenger has held for three terms.

Last night, former Belk CEO Tim Belk hosted a fundraiser for McCready, 34, with sponsors including Charlotte business leaders including Crandall and Erskine Bowles, Red Ventures CEO Ric Elias, former Duke Energy CEO Jim Rogers and Hugh McColl Jr. Tickets ranged from \$250 to \$5,400. Though he's a Democrat in a district represented by a Republican for six decades, McCready is attracting interest and dollars because of his resume: Duke University undergrad, Harvard Business School, Marine Corps platoon leader and a solar startup that raised \$80 million since 2013.

**Pittenger**, 69, also has plenty of business backing, including car-dealers Felix Sabates and Randy Marion and pipe-company owner Frank Dowd IV. While **McCready** has nominal primary competition, Pittenger must survive a challenge from **Mark Harris**, a Baptist minister in Charlotte who narrowly lost in the 2016 primary.

This race is likely to gain national attention.

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## CresCom's rocky start

Bank mergers are tough operationally for both big and small institutions. (As someone with little tech adeptness, I can relate.) The latest proof comes **Charleston, S.C.-based CresCom's** purchase of First South Bank, a Washington-based lender with 28 offices in eastern North Carolina and assets of \$1.2 billion. While the banks merged in November, computer systems weren't tied together until earlier this month.

Since then, more than two dozen customers have used Facebook to describe their frustration related to an inability to access accounts and long wait times when seeking assistance. Asked what happened, bank spokeswoman Emily Trogon said "there some unforeseen technical issues with the conversion," adding that the bank is working hard to correct the problems. She declined to estimate costs related to the problems.

Carolina Financial, CresCom's holding company, paid \$162 million for First South, which at the merger traded for about **half of its peak market value** a decade earlier. While most First South offices are in smaller cities and rural areas, the purchase gives the Charleston bank two offices in the fast-growing — and tech savvy — Triangle metro area.

## Today's number: \$2.5 billion

The amount someone is bidding for the Carolina Panthers' football team, **according to Bloomberg News**. We're hoping that SAS Institute co-founder Jim Goodnight wins the bidding; the news service reported that he's interested. Everything that North Carolina's richest man touches turns golden, so Super Bowl, here we come.



## AROUND THE STATE

### HCA buying Mission Health

*(Asheville Citizen-Times)*

Nashville-based healthcare giant HCA Healthcare Inc. is buying Mission Health, the largest employer in the Asheville Region. The board of Mission Health, a nonprofit community healthcare group, voted unanimously in favor of signing a letter of intent with HCA, a for-profit company that runs 177 hospitals and 119 surgery centers in the United States as

final agreement.

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## **Judge blocks Atlantic Coast Pipeline access to two properties**

*(Raleigh News & Observer)*

U.S. District Judge Terrence Boyle has barred the companies building the Atlantic Coast Pipeline from clearing trees on two rural properties until the companies pay the property owners. The ruling against Duke Energy and Dominion Energy pushes against a March 31 deadline for the companies to clear the way for the 600-mile project. The companies have asked federal regulators to push that deadline, put in place to protect migratory birds nesting in Eastern North Carolina, back to May 15.

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## **Greensboro offers \$20 M in incentives and improvements for Publix**

*(Greensboro News & Record)*

Greensboro City Council has agreed to pony up \$17.7 million in incentives and \$3 million in water and sewer lines to lure Publix to build a 1.8 million square foot distribution center that will bring with it 1,000 jobs. The offer amounts to Greensboro's largest ever incentives package.

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## **Panthers price grows**

*(Bloomberg)*

The bidding for the Carolina Panthers has grown to \$2.5 billion, prompting at least one potential buyer to back away, according to sources. Michael Rubin, executive chairman of sports-apparel company Fanatics, has dropped out, sources say. Remaining bidders include Alan Kestenbaum, CEO of private equity firm Bedrock Industries LP and Appaloosa Management LP founder David Tepper.

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## **Wilmington brewer invites community to buy a stake in the company**

*(Wilmington StarNews)*

A Wilmington craft brewer that plans to open in mid-June has a different approach to ownership than most of its peers. Ownership of the 23,000-square-foot Tidewater Brewing Company will be open to anyone willing to spend \$200 for a stake. For their money, owners will get perks such as owners-only events at the brewery, special tastings and votes for the board of directors. "At other breweries you might go three, four times a week,

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## **Wake Forest Baptist risks losing Medicare reimbursements**

*(Becker's Hospital Review)*

A review by a federal agency has found several Wake Forest Baptist Medical Center patients received the wrong diagnoses because of a lack of laboratory oversight, a finding that jeopardizes the hospital's ability to bill Medicare. The hospital has submitted a plan to correct the issue to the Centers for Medicare and Medicaid, but approval of the plan is still pending review by regulators.

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## **Harris Teeter pulls magazines promoting assault-style rifles**

*(Charlotte Observer)*

Harris Teeter and its parent company, Kroger, have removed their shelves magazines that promote assault-style rifles, a reaction to last month's shooting at Marjory Stoneman Douglas High School in Parkland, Fla. That shooting left 17 dead and has reignited the debate over assault weapons. Walmart and Dick's Sporting Goods have also reacted by restricting gun sales to people who are at least 21. Another Kroger-owned retailer, Fred Meyer, will stop selling guns.

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## **Can hackers create a more equitable Charlotte?**

*(WRAL TechWire)*

The sixth annual hackathon kicks off Friday at Discovery Place Science in uptown Charlotte, and this year the 1,000 developers, designers, innovators and technology professionals expected at the event will be given the tough task of creating tools to make Charlotte a more equitable city in the next 50 years. "Charlotte needs a roadmap for its next 50 years of growth and development," says Abhishek Mehta, CEO of Tresata and the creator of hackathonCLT. "If this roadmap fails to build an inclusive, healthy, and economically viable city for all, we will fail our citizens."

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